

## Message Text

CONFIDENTIAL

PAGE 01 NEW DE 07252 191720Z  
ACTION NEA-10

INFO OCT-01 ISO-00 EUR-12 CIAE-00 DODE-00 PM-04 H-01  
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02  
SS-15 USIA-06 OMB-01 TRSE-00 AID-05 EB-07 AGRE-00  
XMB-02 /083 W

-----200047Z 088253 /73

R 191203Z MAY 77  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 3501

C O N F I D E N T I A L NEW DELHI 7252

E.O. 11652: GDS  
TAGS: EGEN SOV IN  
SUBJECT: INDO-SOVIET ECONOMIC RELATIONSHIP

1. IN DISCUSSION WITH ECONOMIC COUNSELOR MAY 18, SOVIET  
ECONOMIC COUNSELOR KUZNETSOV SAID RECENT NEW CREDIT GRANTED  
INDIA DURING GROMYKO VISIT WAS AN ENTIRELY NEW CREDIT.  
IT HAD NO CONNECTION WITH PAST CREDITS AND IN FACT HERE HAD  
BEEN NO CHANGES IN PAST COMMITMENTS.

2. HE DISAGREED WITH STATEMENT THAT INDIANS WOULD NOT BE  
LIKELY TO USE YET ANOTHER CREDIT FOR COAL AND STEEL INDUSTRY

PROJECTS. HE ADMITTED GOPPHAD NOT USED UP PAST CREDITS FOR  
THESE INDUSTRIES AND THAT THEY HAD REDUCED PREVIOUS  
COMMITMENT FOR COLD ROLLING MILL PROJECT AT BOKARO(THE  
LATTER HE WAVED ASIDE AS QUOTE A SMALL MATTER UNQUOTE).  
HE ARGUED THAT INDIA, WITH POPULATION OF OVER 600 MILLION  
PRODUCED ONLY 7 MILLION TONS OF STEEL. THERE WAS THEREFORE  
MUCH ROOM FOR EXPANDING STEEL PRODUCTION IN THE FUTURE.

3. KUZNETSOV WAS INTERESTED IN WORLD BANK LENDING  
POLICY WHERE MOST OR ALL OF PROJECT BEING FINANCED WAS  
LOCAL COST. HE THOUGHT SUCH LOANS HIGHLY FAVORABLE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NEW DE 07252 191720Z

TO INDIA. SOVIET ASSISTANCE COULD STILL ONLY BE PROJECT  
AID, HE SAID, ALTHOUGH IN THEIR TURNKEY PROJECTS SOME LOCAL  
COSTS WERE OBVIOUSLY INVOLVED. HE COULD NOT SEE A CHANGE  
IN THEIR POLICY IN THIS REGARD BECAUSE QUOTE WE ARE NOT  
RICH LIKE YOU UNQUOTE.

4. ECONOMIC COUNSELOR REFERRED TO LOCAL NEWSPAPER REPORT

THAT INDIA WOULD EXPORT WHEAT TO SOVIETS AS PAYMENT IN  
KIND FOR SOVIET WHEAT LOAN OF 1973. KUZNETSOV ONLY  
SMILED AND SAID IT WAS ONLY A QUOTE RUMOR UNQUOTE.

5. COMMENT; IF KUZNETSOV'S STATEMENTS ARE ACCURATE,  
THEN INDIA'S PAST DEBTS TO THE SOVIETS, INCLUDING  
UNDISBURSED APPROXIMATE DOLLARS 250 MILLION IN CREDITS, REMAIN  
UNCHANGED, ANMSIT IS LESS LIKELY AS PREVIOUSLY THOUGH, THE NEW  
CREDIT WAS IN SOME WAY LINKED TO LONGSTANDING RUPEE/RUBLE  
EXCHANGE RATE PROBLEM.

6. OUR THEORY THAT NEW CREDIT REPRESENTS ROLL OVER OF  
OLD UNDISBURSED CREDIT WAS SHARED BY SEVERAL DIPLOMATIC  
COLLEAGUES HERE. IF HIS IS NOT THE CASE, AS KUZNETSOV  
STATES, THEN THE INDIANS HAVE ACCEPTED A CREDIT WHICH  
THEY ARE UNLIKELY TO USE AT LEAST FOR YEARS TO COME.  
AT THE SAME TIME, SOVIETS SEEM TO BE IGNORING OBVIOUS  
INDIAN INTEREST IN OBTAINING TECHNOLOGY FOR ANY  
EXPANSION OF STEEL INDUSTRY FROM THE WEST. ONLY  
ASSESSMENT WE CAN MAKE AT THIS TIME IS THAT AGREEMENT WAS  
PURE ATMOSPHERICS, AND THAT PAST ECONOMIC PROBLEMS BETWEEN  
THE TWO COUNTRIES REMAIN UNCHANGED.  
SCHNEIDER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, CREDIT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 19-May-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977NEWDE07252  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770179-0686  
**Format:** TEL  
**From:** NEW DELHI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770539/aaaabhsd.tel  
**Line Count:** 85  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** cbd8cc8f-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05-Apr-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2450338  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INDO-SOVIET ECONOMIC RELATIONSHIP  
**TAGS:** EGEN, UR, IN  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odhc://SAS/SAS.dbo.SAS\_Docs/cbd8cc8f-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009